

Legislative Fiscal Bureau

Fiscal Note

SF 236 - Abandonment & Demutualization Proceeds & Wages (LSB 1254 SV)
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Fiscal Note Version — New

Description

Senate File 236 specifies the time periods that unclaimed demutualization proceeds held by an insurance company and unpaid wages reported to the Treasurer of State pursuant to Chapter 556, Code of Iowa, are presumed abandoned. The Bill specifies that unclaimed insurance company demutualization proceeds are deemed abandoned the earlier of two years after the first distribution date or two years after the last contact date with the policyholder. The Bill changes the period for presuming the abandonment of unpaid wages to one year from the current three years.

Assumptions

1. The five largest insurance company demutualizations were used in the calculation of the estimate.
2. These five insurance companies provided the total number of lost policyholders for their respective companies.
3. A ratio of Iowa premiums written to total direct premiums written by each insurance company was used to estimate the number of lost policyholders with last known addresses in Iowa.
4. The estimate of unclaimed demutualization proceeds to be collected was determined using the average consideration paid to each policyholder by the five insurance companies multiplied by the estimated number of lost policyholders with last known addresses in Iowa.
5. The estimate of unclaimed demutualization proceeds collected in FY 2004 assumes no claims are paid to found Iowa policyholders from FY 2004 proceeds, and 60.0% of the claims are paid to found Iowa policyholders in FY 2005.
6. A three-year average of unpaid wages, reported to the Treasurer of State, was used to calculate an annual unpaid wage estimate.

Fiscal Impact

Senate File 236 is expected to increase General Fund revenues by approximately \$26.7 million in FY 2004 and \$12.2 million in FY 2005.

<u>Type of Property</u>	<u>FY 2004</u>	<u>FY 2005</u>
Demutualization Proceeds	\$24.5 million	\$10.0 million
Unpaid Wages	<u>2.2 million</u>	<u>2.2 million</u>
Total	<u>\$26.7 million</u>	<u>\$12.2 million</u>

Source

Treasurer of State

/s/ Dennis C Prouty

March 6 , 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
